

Message Text

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14

ACTION EB-11

INFO OCT-01 EA-11 IO-15 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 314

INFO USMISSION GENEVA

LIMITED OFFICIAL USE SEOUL 6597

E.O. 11652: N/A

TAGS: ETRD GATT KS

SUBJECT: GATT BALANCE OF PAYMENTS CONSULTATIONS WITH KOREA

REFS: A. STATE 192263

B. SEOUL 4953

1. IN GENERAL EMBASSY AGREES WITH WASHINGTON CONCLUSION STATED REFTEL THAT IN CONTEXT OF BOP CONSULTATIONS UNDER GATT ARTICLE XVIII AND ELSEWHERE USG SHOULD EXERT PRESSURE FOR CHANGES IN NATURE OF KOREAN IMPORT RESTRICTIONS RATHER THAN SEEK ABOLITION OF NTB'S AT THIS STAGE. HOWEVER, KOREA

IS RAPIDLY EMERGING AS SIGNIFICANT FORCE ON INTERNATIONAL TRADE SCENE, AND ALL INDICATIONS ARE THAT THIS PROCESS WILL ACCELERATE IN NEXT FEW YEARS. WE BELIEVE. THEREFORE, THAT USG SHOULD BEGIN TO PRESS NOW, BOTH IN SEOUL AND IN INTERNATIONAL FORA SUCH AS GATT, FOR ROKG REASSESSMENT OF NEED FOR SPECIFIC NTB'S IKX FUICULARLY#WHEN IN FACT, IF NOT BY INTENT, THEY TEND TO DISCRIMINATE AGAINST US SUPPLIERS.

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2. CASE IN POINT IS PRIOR IMPORT DEPOSIT REQUIREMENT OF 110 PERCENT OF CIF VALUE FOR MOST NON-LUXURY GOODS. DEPOSIT IS DUE UPON OPENING OF LETTER OF CREDIT, AND IN VIEW OF LONGER SHIPPING TIMES FROM US THAN FROM KCKAN, OUR MAJOR COMPETITOR IN KOREAN MARKET, EFFECT OF DEPOSIT REQUIREMENT IS TO MAKE IMPORTS FROM US RELATIVELY MORE EXPENSIVE. AS REPORTED REF B, COMMERCE SECRETARY DENT

RAISED QUESTION OF PRIOR IMPORT DEPOSIT DURING COMMERCE MINISTER'S MEETING IN JULY. KOREAN RESPONSE WAS NON-COMMITTAL, AND WE DO NOT EXPECT EARLY ABOLITION OF DEPOSIT REQUIREMENT. HOWEVER, WE INTEND TO CONTINUE TO RAISE THIS ISSUE AT ALL LEVELS AS OPPORTUNITIES PRESENT THEMSELVES, AND WE BELIEVE IT WOULD BE USEFUL IN CONVINCING ROKG THAT WE ARE SERIOUS ABOUT MATTER IF IT WERE ALSO RAISED ELSEWHERE WHEN OPPORTUNITIES SUCH AS GATT BOP CONSULTATION ARISE.
HABIB

NOTE BY OC/T: #AS RECEIVED.

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